

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1361968-0

Total Deleted Page(s) = 4

Page 11 ~ b3 - Title III;

Page 27 ~ Duplicate;

Page 28 ~ Duplicate;

Page 29 ~ Duplicate;

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X Deleted Page(s) X

X No Duplication Fee X

X For this Page X

XXXXXXXXXXXXXXXXXXXXXXXXXXXX

DEC 2 '88 16:5

FBI LIRA

ITY RA

PAGE .01

FD-363 (Rev. 6-20-78)

Transmit checked by Facsimile. UNCLAS

Precedence

Immediate

To: SAC, Houston
 From: ADIC, New York
 Subject: John Tower
 SPIN

Date: 12/02/88

Time: Transmitted:

Initials:

Fingerprint Photo Fingerprint Record Map Newspaper clipping Photograph
 Artist's Conception Other Teletype &

Special handling instructions:

HAND CARRY TO

SA

b6
b7C

Approved:

JMP/BGD

FBI/DOJ

58A-2151

21 JUN

58A-445-1

SEARCHED	SERIALIZED	INDEXED	FILED
<i>[initials]</i>	<i>[initials]</i>	<i>[initials]</i>	<i>[initials]</i>
DEC 02 1988			
[Redacted]			

[Signature]

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DEC 2 '88 16:57

FBI LIRA

ITY RA

PAGE .02

FD-36 (Rev. 8-26-82)

FBI

TRANSMIT VIA:

- Teletype
 Facsimile

PRECEDENCE:

- Immediate
 Priority
 Routine

CLASSIFICATION:

- TOP SECRET
 SECRET
 CONFIDENTIAL
 UNCLAS E F T O
 UNCLAS

Date 12/2/88

/IMMEDIATE/

NEW YORK (161-NEW) (P) (C-28/LIRA)

/IMMEDIATE/

HOUSTON (161-NEW) ()

WMFO (161-1941F) () *58A-2151*

BT

UNCLAS

CITE: //3540:3613//

PASS: HO FOR SA [REDACTED]

WMFO FOR SSA [REDACTED]

Goodwin
SUBJECT: JOHN TOWER; SPIN; OC:WMFO.

RENYTEL CAL AND NY FACSIMILE TO HO, DECEMBER 2, 1988.

FOR THE INFORMATION OF HOUSTON, ONE OF THE INDIVIDUALS
TO BE INTERVIEWED RE THE ACTIVITIES OF FORMER SENATOR JOHN
TOWER WAS [REDACTED][REDACTED] HE NO LONGER RESIDES IN NY AND MAY CURRENTLY BE
RESIDING IN HOUSTON, TEXAS. HIS FORMER NY EMPLOYER COULD NOT
PROVIDE AN ADDRESS, BUT DID PROVIDE THE NAME OF SOMEONE IN
HOUSTON WHO MAY KNOW [REDACTED] WHEREABOUTS.

1 - NY 161-NEW

B&B:IAW055

(2)

Approved: [Signature]Transmitted _____ Per _____
(Number) (Time)b6
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[REDACTED] IS AN ASSOCIATE OF [REDACTED] WHO
IS ONE OF THE SUBJECTS OF ILLWIND, BECAUSE [REDACTED] CLAIMS TO
HAVE SPENT SOME TIME IN TOWER'S SENATE OFFICE, BUT MAY BE
ABLE TO VERIFY THOSE MEETINGS AND MAY KNOW WHAT PROGRAMS OR
OTHER MATTERS [REDACTED] WAS PROMOTING. ALSO, [REDACTED] MAY BE
AWARE OF CONTRIBUTIONS RECEIVED BY TOWER FROM [REDACTED] OR HIS
ASSOCIATES.

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LEADS

HOUSTON AT HOUSTON, TEXAS.

- 1) WILL CONTACT [REDACTED]
[REDACTED] TELEPHONE [REDACTED], TO DETERMINE [REDACTED]
CURRENT WHEREABOUTS.
 - 2) WILL LOCATE AND INTERVIEW [REDACTED] REGARDING HIS
KNOWLEDGE OF CONTRIBUTIONS MADE TO TOWER, PARTICULARLY FROM
[REDACTED]
 - 3) WILL ALSO ASK ABOUT [REDACTED] KNOWLEDGE OF TOWER'S
DEALINGS WITH [REDACTED] CLAIMS TOWER HELPED ONE OF
HIS OIL REFINERIES WITH A PROBLEM IT HAD WITH TESORO
PETROLEUM.
 - 4) WILL OBTAIN COMPLETE DETAILS RE THE RELATIONSHIP
BETWEEN TOWER AND [REDACTED], INCLUDING ANY MATTERS ON WHICH TOWER
WAS ASKED TO HELP OR DID HELP [REDACTED]
 - 5) WILL ASK IF [REDACTED] IS AWARE OF ANY CONTRIBUTIONS
MADE BY [REDACTED] OR HIS COMPANIES TO TOWER.
- SUTEL RESULTS TO WMFO, ATT: SSA [REDACTED], BY CLOSE OF
BUSINESS, DECEMBER 2, 1988.
- 103 /
652-2680

FD-302S AND OTHER INVESTIGATIVE RESULTS SHOULD BE FAXED

DEC 2 '88 16:5

FBI LIRA

ITY RA

PAGE .04

TO AXMRA BY CLOSE OF BUSINESS, DECEMBER 3, 1988.

BT

TOWER SPECIAL

This special investigation arises out of the potential nomination of JOHN TOWER as the Secretary of Defense. During the course of the ILLWIND investigation certain information has been obtained containing allegations of impropriety on the part of TOWER. These are only allegations at this point and were generally made second hand. As a result of the SPIN investigation being conducted on TOWER the FBI is going to try to resolve the questions and issues which have arisen out of the ILLWIND investigation.

Toward this end ILLWIND agents (with help as necessary from other WMFO agents) will be conducting a series of interviews to resolve these questions. These assignments will be made by SA [redacted] who will be in charge of the command post during this investigation. The command post will be in the main conference room at the Atrium. During the course of this special inquiry all agents should be on one hour availability. In addition Each agent should advise [redacted] of their whereabouts.

The results of this investigation will be disseminated to FBIHQ, DOJ and possibly the White House. In addition there may be publicity surrounding this investigation and TOWER's possible nomination. Investigation should be conducted accordingly. If there are any media inquiries to any agent the answer should be that we have no comment and any additional inquiries should be addressed to [redacted], WMFO media representative (phone number [redacted] [redacted])

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SCOPE OF INTERVIEWS

This special investigation is focused on the narrow issues regarding TOWER that have come up during the ILLWIND investigation. The interviews should focus only on those issues and not encompass broader ILLWIND issues that may relate to the individual being interviewed. (For Example--The ILLWIND investigation has uncovered numerous allegations concerning [redacted] one of which includes his relationship with TOWER. During his interview in connection with this TOWER investigation [redacted] will only be asked about his relationship with TOWER and not any of the other allegations or information concerning [redacted].) An interview outline will be prepared for each interview. In addition, any other general background information on the interviewee will be provided. However, this information is being provided for the use of the agents only and is not to be used during the interview.

If at any time during the interviews, the individual being interviewed requests an attorney, or otherwise indicates that he doesn't want to answer questions, the interview should be immediate terminated.

This investigation has to be completed and reported to FBIHQ no later than Monday morning, 12/5/88. THEREFORE ALL LEADS MUST BE COVERED AND WRITTEN UP ON AN EXPEDITE BASES. ALL LEADS MUST BE REPORTED INCLUDING NEGATIVE RESULTS.

TITLE III INFORMATION

A portion of the information regarding TOWER comes from TITLE III intercepts. TITLE 18 precludes this use of these intercepts for other than a law enforcement purpose. Therefore, we will not play any TITLE III intercepts during the interviews. In addition we should not allude to any TITLE III intercepts or indicate that any of the information we have came from TITLE III intercepts.

You will be provided a background memo regarding the information concerning TOWER. As with all ILLWIND documents, this is a sensitive document and should not be discussed except on a need to know basis.

John Tower

I. Introduction

Mr. Tower was born 9/29/25. Running as a Texas Republican, Tower was elected to the US Senate in a special election 5/27/61. He was subsequently reelected in 1966, 1972, and 1978. In 1978, Tower was the ranking minority member of the Senate Armed Services Committee and was also on the SASC Subcommittee on General Procurement.

In 1983 Tower was Chairman of the Senate Armed Services Committee (without a directory, I am not sure, but I assume that Tower became Chairman in 1980, when I believe Republicans gained control of the Senate). At the time he was also a member of the Subcommittees on Strategic and Theater Nuclear Forces and on Sea Power and Force Projection.

Tower left the Senate at the end of the 1984 term; he was then appointed a US Negotiator on strategic arms in Geneva.

Tower was named by President Reagan to head a commission (dubbed the Tower Commission) regarding the Iran/contra affair.

Recently he has been named as President-Elect Bush's likely choice for Secretary of Defense.

II. Illwind investigation

Mr. Tower's name has come up in several contexts during the ILLWIND investigation. Because former Senator Tower's involvement with subjects of ILLWIND arose during his term in the Senate, the interceptions which deal with Tower are of historical interest. For the most part, Tower did not appear to be involved with ILLWIND subjects or their DOD programs contemporaneous with ILLWIND T-III's.

The ILLWIND subjects who have claimed some involvement with Mr. Tower, or who at one time worked directly with him include these:



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The primary role in which Tower allegedly was involved to

the benefit of ILLWIND subjects was on behalf of Sperry. It is known through documents obtained by search and subpoena that Tower, while heading the SASC, supported the funding of the MK 92 fire control upgrade.

During this time period, [REDACTED] to Sperry. [REDACTED] and others have referred to [REDACTED] close connections to Tower. [REDACTED] also dealt during the T-III with [REDACTED]. [REDACTED] allegedly was able to have Tower affect the funding to a program of importance to Sperry. It seems likely that this was the CORT program, but there is only scant evidence upon which to base that speculation.

In addition, Tower was the recipient of campaign contributions made with money from Sperry, and given in violation of FEC rules; however, there is currently no evidence that Tower knew that the contributions were illegally obtained. Sperry employees may also have assisted with at least one of his campaigns in some other fashion.

Finally, [REDACTED] an individual from Texas who is thought to [REDACTED] boasted to [REDACTED] of his personal connections to Tower and of favors Tower had done for him.

The following sections set out in greater detail the alleged involvement of Tower in matters which have arisen in the ILLWIND case, or with subjects of that case.

III. Sperry-Unisys related matters

A. [REDACTED]

These three individuals were all staff to the SASC when Tower was the ranking minority member of SASC (in 1978). In addition, [REDACTED] to the SASC subcommittee [REDACTED] of which Tower was a member.

[REDACTED] to Sperry Unisys and were all involved in [REDACTED] scheme for using corporate funds to generate campaign contributions in violation of the FEC rules. [REDACTED] in particular gave contributions to Tower through the [REDACTED] operation.

No other information has been identified to date which connects these 3 individuals to activities by Tower while Tower was in the Senate.

B. [REDACTED]

Analytically, [] information about [] probably comes through [] assertions rather than through first-hand knowledge.

However, the following items support the possibility that [] was involved in some fashion with both Sperry and Tower:

--[] received a total of [] from Sperry through []. Most of that money was received in []

--[] was intercepted in conversation with []

--In a conversation with [] on []

C. Connections to Sperry

Aside from the Sperry connections of []
[]
[] records reflect []
designated for Tower, and a folder found in []
was labelled [] for Tower's 1984 Campaign."³

In addition, a letter from Tower to []
[] dated 1/26/82, was found in []
office.

Conclusion

There is some circumstantial evidence that Tower, like [] may have been the recipient of
generous campaign contributions through Sperry and may have []

2 []

³It can be noted that Tower chose not to run for re-election in 1984.

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from the Navy.

Tower would have been an obvious target for attempted influence by Sperry, partly because of his position on SASC, and partly because he apparently had close ties to [redacted]. In addition, [redacted] worked for Tower. In addition, in 1983 at least he was a member of the SASC Subcommittee on Seapower, where legislation concerning MK 92 and CORT would need to originate.

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IV. [redacted]

[redacted]
b3

[redacted]
5The transcript available for review of this tape needed a lot of corrections, and I was only able to listen to the tape once. As a result, the quotes here could probably be fleshed in better with another listening.

[redacted]

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[redacted] did not follow up on anything with [redacted], apparently frightened off.

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v. Other Matters

An article in the 2/1/88 Legal Times focused on the C-FIN procurement. The article quoted 2 Senate sources as saying that Retired Senator John Tower called the Air Force Undersecretary James McGovern⁷, and SASC Staff Director Arnold Punaro, on behalf of British Aerospace and its subcontractor LTV, in an effort to influence the C-FIN procurement. The article said that Tower was on the board of British Aerospace and was a consultant to LTV.

The article also said that "Tower, who is not registered as a British Aerospace lobbyist or agent, declined repeated requests for comment."

⁶It is possible that [redacted] is affiliated with [redacted]
(ph).

⁷It should be noted that [redacted] to the SASC in 1983, when Tower was that committee's chairman.

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From: SAC WMFO (161-19411) (P)

TO: ADIC New York
SAC, Jacksonville

RE: Telcall to SA [REDACTED] (FBNY) on 12/1/88

This special investigation arises out of the potential nomination of JOHN TOWER as the Secretary of Defense. During the course of the ILLWIND investigation certain information has been obtained containing allegations of impropriety on the part of TOWER. These are only allegations at this point and were generally made second hand. As a result of the SPIN investigation being conducted on TOWER the FBI is going to try to resolve the questions and issues which have arisen out of the ILLWIND investigation.

The results of this investigation will be disseminated to FBIHQ, DOJ and possibly the White House. In addition there may be publicity surrounding this investigation and TOWER's possible nomination. Investigation should be conducted accordingly. If there are any media inquiries to any agent the answer should be that we have no comment and any additional inquiries should be addressed to the FBIHQ media office, Washington D. C.

SCOPE OF INTERVIEWS

This special investigation is focused on the narrow issues regarding TOWER that have come up during the ILLWIND investigation. The interviews should focus only on those issues and not encompass broader ILLWIND issues that may relate to the individual being interviewed. (For Example--The ILLWIND investigation has uncovered numerous allegations concerning [REDACTED] one of which includes his relationship with TOWER. During his interview in connection with this TOWER investigation [REDACTED] will only be asked about his relationship with TOWER and not any of the other allegations or information concerning [REDACTED])

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If at any time during the interviews, the individual being interviewed requests an attorney, or otherwise indicates that he doesn't want to answer questions, the interview should be immediate terminated.

This investigation has to be completed and reported to FBIHQ no later than Monday morning, 12/5/88. THEREFORE ALL LEADS MUST BE COVERED AND WRITTEN UP ON AN EXPEDITE BASES. ALL LEADS MUST BE REPORTED INCLUDING NEGATIVE RESULTS.

TITLE III INFORMATION

A portion of the information regarding TOWER comes from TITLE III intercepts. TITLE 18 precludes this use of these intercepts for other than a law enforcement purpose. Therefore, we will not play any TITLE III intercepts during the interviews. In addition we should not allude to any TITLE III intercepts or indicate that any of the information we have came from TITLE III intercepts.

ADMINISTRATIVE SECTION

Both the ILLWIND investigation and this special TOWER investigation are sensitive matters and are not to be discussed except on a strict need to know basis.

You will be provided a background memo regarding the information concerning TOWER. As with all ILLWIND documents, this is a sensitive document and should not be discussed except on a need to know basis.

The Following individuals names were obtained either through search and subpoena records, or through Title III intercepts in FBI Illwind investigation (Major Case 14). Persons listed are either confirmed or proposed contributors to Senator John Tower, primarily while he acted as Chairmen for the Senate Armed Services Committee in the early 1980's.

1. [REDACTED] [REDACTED] [REDACTED] NEW
YORK. 11743. Had been designated [REDACTED] during a 20K Sperry/Unisys fundraiser. It is unknown presently if he actually did.

[REDACTED] may once have worked at Sperry, but was paid as a [REDACTED] should be asked the circumstances surrounding his contribution to Tower: why did he give the contribution to Tower; did anyone ask, direct, or recommend to him that he do so? If so, who? Was the contribution made in return for a favor? Is he aware of any activity by Senator Tower done as a favor for Sperry or anyone else, which was the reason for the contributions being made? How was the contribution delivered (ie, did he personally deliver the contribution, or was his check delivered by another party)? If the latter was the case, describe the mechanism.

2. UNISYS EMPLOYEES (GREAT NECK NEW YORK) VIA ATTORNEY [REDACTED]

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Certain Sperry employees were asked or directed to make campaign contributions by either [redacted]

[redacted] employee. These employees were then told to [redacted]. This procedure created the appearance of individual contributions, circumventing the FEC laws.

Three such employees, within the [redacted] apparently gave such contributions in 1983:

[redacted]

The Illwind investigation has identified an extensive money laundering network, primarily emanating from Sperry Unisys and Kane Paper in Great Neck and Long Island, New York. These networks are comprised of numerous individuals who received large sums of money through Purchase Order agreements, many of which were set up to reimburse them for certain directed political contributions. Tower is referenced, in certain investigative data obtained to date, as a recipient of some of these funds; however no information developed has revealed that Tower was aware of these contributions, or took any specific action to benefit the contributors.

These individuals should be asked the circumstances surrounding the contribution: why did they give the contribution to Tower; did anyone ask them to or recommend that they do so? If so, who and under what circumstances? was the contribution made in return for actions done or to be done by Senator Tower? IE, was it their understanding that the contributions were related to Tower's support of any Sperry programs--and if so, explain. Were they reimbursed for their contribution? If so, how and at whose instruction? How was the contribution delivered--ie, did they each deliver their contributions directly to Tower, or were the checks given to a third person for delivery to Tower? If the latter was the case, who collected the check?

[redacted]

NEW YORK, N.Y.

[redacted] Senator Tower and left that position to go first to the [redacted] (supposedly with the support of Tower) and then to [redacted]

He is an associate of [redacted]

[redacted] claims to have spent some amount of time in Tower's

b3

office when [redacted] may be able to verify that [redacted] did in fact call upon Tower, and may also know what programs or other matters [redacted] was promoting in his meetings with Tower. Also, [redacted] may or may not be aware of contributions which Tower received from [redacted] or his associates. He should be asked what knowledge he would have of contributions to Tower generally, and from [redacted] in particular.

He should also be asked about his knowledge of Tower's dealings with [redacted] who operated [redacted]. Some were in Texas; it is thought [redacted] included an [redacted] possibly in San Antonio. [redacted] claims to have met with Tower and some of his staff, sometimes in San Antonio, and also claims that Tower helped his [redacted] with a problem it had [redacted] in San Antonio. [redacted] is aware of an acquaintance between [redacted] and Tower; he should be asked to describe it fully, including any particular matters on which Tower was asked to help, or did help, [redacted] for business. In addition, if [redacted] is aware of any contributions made by [redacted] or PAC contributions made by a company of [redacted] he should be asked to describe this as well.

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Kane Paper Related Interviews:

The following Names were obtained from a folder acquired during search conducted at Kane Paper labeled [redacted]

- | | | |
|----|------------|---------|
| 1. | [redacted] | 3/18/82 |
| 2. | [redacted] | 3/16/82 |
| 3. | [redacted] | 3/18/82 |
| 4. | [redacted] | 4/12/82 |

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Attempt to locate and interview the above listed to ascertain information with regard to these contributions as previously explained.

FLORIDA

[redacted] FL 32074

[redacted] was paid as [redacted] should be asked the circumstances surrounding his contribution to Tower: why did he give the contribution to Tower; did anyone ask, direct, or recommend to him that he do so? If so, who? Was the contribution made in return for a favor? Is he aware of any activity by Senator Tower done as a favor for Sperry or anyone else, which was the reason for the contributions being made? How was the contribution delivered (ie, did he personally deliver the contribution, or was his check delivered by another party)? If

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the latter was the case, describe the mechanism.

LEADS:

NEW YORK AND JACKSONVILLE WILL CONDUCT INTERVIEWS AS SET FORTH ABOVE.

SUTEL RESULTS TO WMFO, ATTN: SSA [REDACTED] BY COB 12-2-88.
FD302'S AND OTHER INVESTIGATIVE RESULTS SHOULD BE FAXED TO THE
AXMRA BY COB 12-3-88.

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FD-340a (Rev. 10-3-77)

(Title) _____

(File No.) _____

Field File No. HO 58A-445-1A1

Serial # of Originating Document _____

OO and File No. WMFO 58A-2239Date Received 02/08/89From _____
(Name or Contributor)

b7D

(Address of Contributor)

(City and State)

By _____
(Name of Special Agent)

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To Be Returned Yes No Receipt Given Yes NoGrand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules
of Criminal Procedure Yes NoTitle: JOHN GOODWIN TOWNS,
ROBBERY
OO: WMFOReference: MEMO DATED 02/08/89 REGARDING

(Enclosing Material)

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Description: Original notes re interview of① AGENTS NOTES REGARDING LOCATING

**MEMORANDUM
OF CALL**

Previous editions usable

TO:

YOU WERE CALLED BY —

YOU WERE VISITED BY —

OF (Organization)

PLEASE PHONE ►

FTS

AUTOVON

WILL CALL AGAIN

IS WAITING TO SEE YOU

RETURNED YOUR CALL

WISHES AN APPOINTMENT

MESSAGE

Financial
Consultants

RECEIVED BY

DAD

DATE

07/07/87

TIME

63-110 NSN 7540-00-634-4018 STANDARD FORM 63 (Rev. 8-81)
★ U.S. GPO: 1986-181-246/40018 Prescribed by GSA
FPMR (41 CFR) 101-11.6

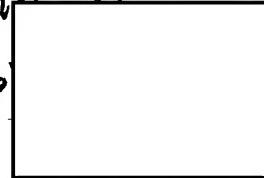
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[Redacted]

408K

C
51
1

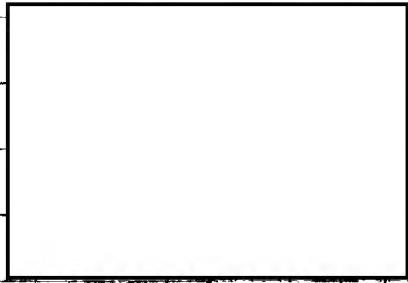
Finkenwerder
Guns



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C
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M



88C 12¹⁷ p 13d page 5

88C send 21

Allegation

info. Santa Tower

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[redacted]
Meeting for Tex

re reference

w/

(\$)

(\$)

Houston, TX

b7D

reference

since Dec 6, 1968

b6
b7C

HOUSTON, TEXAS.

161B-1696

**MEMORANDUM
OF CAL**

Previous editions usable

TO: _____

YOU WERE CALLED BY— YOU WERE VISITED BY—

OF (Organization)

6 Fraud Sq Alexander

PLEASE PHONE FTS AUTOVON

WILL CALL AGAIN IS WAITING TO SEE YOU
 RETURNED YOUR CALL WISHES AN APPOINTMENT

MESSAGE:

Important

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RECEIVED BY _____ DATE _____ TIME _____

63-110 NSN 7540-00-634-4018 STANDARD FORM 63 (Rev. 8-81)
★ U.S. GPO: 1986-181-246/40018 Prescribed by GSA
FPMR (41 CFR) 101-11.6

408 K

Houston, Texas

LICENSE PLATE Telephone -

CRISSCROSS

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AF

C-2

-----EJD OF DOCUMENT-----

INBOX.4 (#756)

TO: HQ a E142

FROM: WFO a E1H1

SUBJECT: 047/0030 ROUTINE

DATE: 16 FEB 89 05:43:46 G'IT

CC:

TEXT:

VZCZCW10030

RR 40

DE WFO #0030 0470442

ZUR UUUUU

R 150433Z FEB 89

FM FBI WASHINGTON METROPOLITAN FIELD OFFICE (58A-2151) (P)

TO SAC HOUSTON/ROUTINE/

BT

UICLAS

CITE: //3920//

PASS: HOUSTON, SSA [REDACTED]

58A-WF-2151-3
58A-445-9

GENERAL INDICES	<input checked="" type="checkbox"/>
Automated Search	<input type="checkbox"/>
Manual Search	<input checked="" type="checkbox"/>
SEARCHED.....	INDEXED.....
SERIALIZED.....	FILED.....

FEB 16 1989

[REDACTED] ON DAS

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SUBJECT: ILLWIND; MAJOR CASE 14; OO:WFO.

RE WFO TELCALL TO HOUSTON DATED FEBRUARY 13, 1989.

REFERENCED TELCAL ADVISED THAT WFO SA'S [REDACTED]

[REDACTED] HAVE ARRANGED AN INTERVIEW IN HOUSTON, TEXAS, ON FEBRUARY 15, 1989 WITH [REDACTED] WAS THE [REDACTED] FORMER SENATOR JOHN G. TOWER, AND HE IS CURRENTLY RESIDING IN HOUSTON.

Contents
dated 10/04
02-16-89
by [REDACTED]

DURING THE DEBRIEFING OF A SUBJECT WHO IS NOW COOPERATING IN

Closed File Out

PAGE TWO DE M1 0030 UNCLAS

CAPTIONED MATTER ALLEGATIONS WERE MADE THAT ANOTHER SUBJECT,

[REDACTED] MADE CAMPAIGN CONTRIBUTIONS TO TOWER AMOUNTING TO

[REDACTED] FINANCIAL RECORDS OBTAINED FROM A SEARCH OF

[REDACTED] RESIDENCE ON JUNE 14, 1988 WERE REVIEWED AND [REDACTED]

[REDACTED] WERE LOCATED FROM [REDACTED] III

VIEW OF THIS FBIHO HAS REQUESTED THAT TWO WINFO AGENTS FAMILIAR
WITH CAPTIONED INVESTIGATION INTERVIEW [REDACTED] THIS INTERVIEW
NEEDS TO BE COMPLETED AS SOON AS POSSIBLE AS INFORMATION
DEVELOPED WILL BE PROVIDED TO FBIHO AS PART OF THE INQUIRY BEING
CONDUCTED RELATIVE TO TOWER'S NOMINATION AS SECRETARY OF DEFENSE.

SA'S [REDACTED] ANTICIPATE TRAVELING TO HOUSTON ON
THE MORNING OF FEBRUARY 15, 1989 AND WILL COORDINATE WITH THE
HOUSTON DIVISION. SAC'S WINFO AND HOUSTON CONCUR ON NEED TO
TRAVEL.

RT

#0030

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58A-WF-2151-4

~~58A 445-10~~

SEARCHED	INDEXED
SERIALIZED	FILED
FEB 17 1989	
ON	DAP

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FEDERAL BUREAU OF INVESTIGATION

2/16/89

Date of transcription _____

On February 15, 1989, Special Agents (SAs) [REDACTED] FEDERAL BUREAU OF INVESTIGATION (FBI), interviewed [REDACTED] at the Houston Field Office of the FBI. The agents identified themselves by display of credentials and advised [REDACTED] of the nature of the interview. He then provided the following information:

[REDACTED] advised he was introduced to Senator JOHN TOWER of Texas in [REDACTED] (PH) in connection with a [REDACTED]
[REDACTED] was unsure of the exact title. [REDACTED] advised that based upon background [REDACTED] was appointed to this position in January, 1974 after an interview with TOWER and [REDACTED] stated he remained in this position until May, 1975.

[REDACTED] noted that TOWER's staff consisted of forty (40) to fifty (50) individuals. [REDACTED] for TOWER. [REDACTED] said he was primarily responsible for [REDACTED] He noted that other staff members were responsible for legislation concerning other matters.

[REDACTED] stated that he periodically met with constituents of Senator TOWER's concerning [REDACTED] Other staff members met with constituents regarding other matters. Although most contacts with constituents occurred at the Senator's office, [REDACTED] said he and other staff members would occasionally attend dinners and trade events where they would meet with constituents.

[REDACTED] stated he also had contact with lobbyists regarding energy matters. [REDACTED] advised that his contacts with lobbyists were similar to the contacts described with constituents.

In regard to campaign contributions, [REDACTED] stated that all campaign contributions were handled through Senator TOWER's [REDACTED] advised that all of the staff members in Senator TOWER's office [REDACTED] were sensitive to the regulations and laws concerning campaign contributions. [REDACTED] said that no campaign contributions were to be accepted at Senator TOWER's OFFICE. Anyone desiring to make a campaign contribution would be referred to [REDACTED] and told where contributions could be made. [REDACTED] had no recollection of any campaign contributions from lobbyists to Senator TOWER.

Investigation on 2/15/89 at Houston, Texas File # WF 58A-2151(FV)

by SAs [REDACTED] Date dictated 2/16/89

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12/3/89
S1-67
DAR

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2/15/89

2

Continuation of FD-302 of [redacted]

, On _____, Page _____

[redacted] stated that he was aware that campaign fundraisers were held periodically for Senator TOWER. [redacted] recalled the fundraisers were organized by [redacted]. [redacted] advised he had no involvement in campaign fundraisers and was not aware of any involvement of other staff members of Senator TOWER in campaign fundraisers. He noted, however, that his employment on Senator TOWER's staff, on both occasions, occurred between elections when fundraisers were not needed on a frequent basis.

[redacted] stated he left Senator TOWER's staff in May 1975 and became an [redacted] (PH). He remained with this firm until January, 1976 when he accepted a position as [redacted] in Detroit, Michigan. He remained in this position until July, 1979 when he accepted a position as [redacted]

[redacted] to Senator TOWER, [redacted] was responsible for [redacted]. One of his first responsibilities for Senator TOWER was to [redacted] Senator TOWER's campaign debt from the 1978 election. [redacted] recalled this debt was approximately \$300,000. [redacted] accomplished this task by reviewing campaign records of vendors providing services to the campaign and determining if all services were received from these vendors. If all services were received, payment would be sent to the vendors. If only partial services were received, [redacted] recontacted the vendor and negotiated a reduced price for the contract. [redacted] stated the remaining campaign debt balance was liquidated by campaign fundraisers arranged by [redacted] in Austin, Texas. [redacted] recalled [redacted] was also involved in the organization of these fundraisers.

In regard to fundraisers, [redacted] stated his responsibility [redacted] for Senator TOWER was to [redacted] with the Senator's schedule to ensure Senator TOWER's [redacted]

In regard to contact with constituents, [redacted] coordinated contacts between constituents and various members of TOWER's staff. [redacted] stated he would initially meet with constituents and determined their complaint, inquiry, or interest. [redacted] would then refer them to the appropriate staff member or agency.

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[redacted] would periodically meet with lobbyists and/or their clients who wanted to meet with Senator TOWER. [redacted] would determine if the lobbyists' request for an appointment with Senator TOWER was absolutely necessary, or if their inquiry could be handled at a lower level. [redacted] stated many of the lobbyists contacting Senator TOWER's office represented various defense contractors. These lobbyists would be referred to [redacted] of Senator TOWER's staff who was responsible for [redacted]. [redacted] noted [redacted] Senator TOWER's [redacted] also maintained liaison with lobbyists for defense contractors.

2/15/89

3

Continuation of FD-302 of [redacted]

On _____

, Page _____

[redacted] stated he had certain responsibilities regarding campaign contributions. It was his duty to ensure that said contributions were made "strictly to the letter and spirit of the law." [redacted] said he would be provided with lists of contributors and amounts from Senator TOWER's campaign finance office in Austin, Texas.

In regard to the Campaign Finance Office for Senator TOWER, [redacted] stated this operation was separate and distinct from Senator TOWER's Congressional Staff. [redacted] noted the campaign finance staff was paid from campaign contributions and had no involvement with Senator TOWER's Congressional Staff. They were responsible for receiving all campaign contributions for Senator TOWER; accounting for money; reporting all contributions to the Federal Election Commission; and sending copies of campaign contribution lists to [redacted] for review. [redacted] stated, [redacted] he was liaison between Senator TOWER's office and [redacted] in Austin, Texas.

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In regard to the campaign contributions list, [redacted] was asked if he was aware of any political favors requested of, or given by, Senator TOWER to big contributors. [redacted] response was an emphatic "no," and he added that "no one could buy that guy." [redacted] stated that Senator TOWER was against political favors for any contributors, regardless of the amounts contributed.

In regard to the SPERRY-UNISYS CORPORATION (SUC), [redacted] stated that the company had a Capitol Hill lobbyist but could not recall his name. [redacted] was asked whether he knew [redacted] advised he was introduced to [redacted] in 1981 by [redacted] described [redacted] as a good friend of [redacted] and thought [redacted] had a business relationship. [redacted] stated he never introduced [redacted] to Senator TOWER and was not aware of any relationship between the two. [redacted] stated he was not aware of [redacted] exact position with SUC, but did know that [redacted] held an executive position with the company.

In regard to [redacted] recalled he was introduced to [redacted] through a [redacted] in the Spring of 1981 at the University Club in Washington, D.C. [redacted] stated the meeting with [redacted] occurred while [redacted] was still [redacted] Senator TOWER. [redacted] told [redacted] that he worked for defense contractors but repeatedly stated that he was not a lobbyist. From this initial meeting, a close friendship developed between the two which has continued through the years. [redacted] advised that he was not aware of any campaign contributions made by [redacted] to Senator TOWER. [redacted] believed he would have recalled seeing [redacted] name on a campaign contributors list if [redacted] had made contributions to Senator TOWER.

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[redacted] advised in Spring, 1981, Senator TOWER was under consideration for the position of Secretary of Defense and members of Senator TOWER's staff were being considered for other positions. [redacted] was contacted by [redacted] an attorney in Washington, D.C., concerning the open position of [redacted] suggested that [redacted] apply for the position based upon [redacted] experience in energy-related matters.

2/15/89

4

Continuation of FD-302 of _____

, On _____, Page _____

Subsequently, [] contacted Senator TOWER and suggested TOWER encourage [] to take the position. Senator TOWER then met with [] and strongly urged [] to reconsider the position. Senator TOWER offered [] his full support and subsequently recommended [] for the position by sponsoring a letter in the Senate. [] was appointed to this position on June 5, 1981.

At the [] was responsible for 1,800 employees who handled [] sought Senator TOWER's help on only one occasion. [] recalled a [] previously passed by Congress had serious flaws and needed to be amended. This could not be done without the support of high-ranking administration officials. [] contacted Senator TOWER regarding the problem, seeking the Senator's support, and requesting that Senator TOWER arrange a meeting between [] and high-ranking administration officials. Subsequently, Senator TOWER arranged a meeting at the White House between [] Senator TOWER, [] staff member. The meeting lasted approximately ninety (90) minutes and [] was provided a briefing of the []. [] could not recall any other instances in which Senator TOWER assisted him as [].

Sometime in 1983 while [] was still [] recalled receiving a telephone call from [] stated he represented SPERRY-UNISYS CORPORATION (SUC) which was interested in [] (not further described) under consideration by the Department of Defense. [] asked [] to contact Senator TOWER to determine if the Senator was interested in the radar package and if Senator TOWER would support it. Subsequently, [] contacted Senator TOWER's office regarding []. [] felt it was not necessary to contact Senator TOWER and spoke to a member of his staff, possibly []. [] was told Senator TOWER was interested in the package, that the Senator supported the package, and that it was already included in the defense budget. [] reported this information back to [].

[] advised the action he took on behalf of [] was a common courtesy. [] added that he never expected or received any payment for this courtesy.

After leaving [] in 1983, [] stated he has had little or no contact with Senator TOWER. He further stated he may have seen the Senator at an occasional party over the years, but does not recall the last time he spoke with him. [] still considers Senator TOWER a friend.

[] was then questioned about his relationship with []. [] described [] for Senator TOWER. [] first met [] through [] during a brief period when [] was moving his family to Washington. [] contacted [] and was allowed to stay at [] home during this period. A close personal relationship developed between [] and [].

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2/15/89

5

Continuation of FD-302 of _____

, On _____, Page _____

b6
b7C

[redacted] did not know how long [redacted] and Senator TOWER have known each other.

In regard to [redacted] stated he maintained contact with [redacted] after [redacted] left [redacted]. He described his relationship with [redacted] as primarily social. However, in 1984, he recalled receiving a telephone call from [redacted] regarding defense contracts. [redacted] suggested that [redacted] and [redacted] asked [redacted] if he would recontact Senator TOWER's office regarding the [redacted] previously discussed. [redacted] wanted to know the status of and support for [redacted] subsequently contacted Senator TOWER's office and spoke to another staff member (name not recalled) regarding the support and progress of [redacted]. [redacted] was advised of the status and continued support of [redacted] and then reported the information back to [redacted]. Subsequently, [redacted] received [redacted] believed the payment was received in a lump sum and [redacted] that the payment was for [redacted] efforts concerning the [redacted] advised he had not expected to receive any payment concerning this matter and was extremely surprised at the amount received from [redacted]. In addition to this amount, [redacted] advised [redacted] that approximately [redacted] given to [redacted] from [redacted] in 1983 were considered to be paid in full.

[redacted] was then questioned about [redacted] he received from [redacted] in 1983. [redacted] stated the [redacted] was a total amount of [redacted] which he received from [redacted] while he was at [redacted] could not recall the specific purpose [redacted] but implied during the interview [redacted] in December, 1982. [redacted] was adamant that [redacted] received from [redacted] in 1983 was not, at the time, a payment for his efforts concerning [redacted]. [redacted] stated he would have felt "extremely awkward" receiving any payment concerning his inquiries of [redacted] while [redacted]. In regard to the [redacted] stated no formal agreement existed and [redacted] was a "handshake" agreement between friends.

[redacted] was shown a check dated June 28, 1984 for [redacted] payable to [redacted] from MET ASSOCIATES, INC. [redacted] stated he did not know the company MET ASSOCIATES. However, upon closer examination of the check, he noted the signature [redacted] and believed MET ASSOCIATES [redacted] identified [redacted] signature on the reverse of the check. He could not recall if this [redacted] was part of the [redacted] or if it was payment by [redacted] for [redacted] services concerning [redacted]

SERVICES LTD [redacted] was then shown a check dated August 2, 1984 from AZTECH SERVICES LTD [redacted] signed by [redacted] and made payable to [redacted] [redacted] recognized [redacted] this check may also have been partial payment [redacted] He was not familiar with the company AZTECH SERVICES, and could not recall having any business relationship with either this company or MET ASSOCIATES

b6
b7C

2/15/89

6

Continuation of FD-302 of _____, On _____, Page _____

[redacted] was then shown a check dated March 7, 1985 made payable to [redacted] from MET ASSOCIATES and signed by [redacted]. [redacted] could not recall receiving this check, and could not think of any reason why the check could have been given to him. He also stated in 1985 he was working for [redacted] and was making a substantial amount of money. He had no need to [redacted] during this period. He did not believe this money was for his services concerning [redacted] because he recalled receiving a lump sum check for his efforts. After receiving [redacted] from [redacted] and the [redacted] recalled [redacted]

b6
b7C

In regard to MET ASSOCIATES, [redacted] was not aware of any relationship between MET ASSOCIATES and his employer, [redacted] stated the checks would not have been for any services provided by [redacted] representing [redacted]

In regard to all monies received by [redacted] emphatically stated that none of this money was given to Senator TOWER in any form. He was then asked whether [redacted] his family, or his company acted as a conduit to receive payments or items of value for the benefit of Senator TOWER from anyone. [redacted] replied, "No." He was asked the same basic question concerning campaign contributions, honoraria, and bribes. [redacted] again responded "no." [redacted] stated he was not aware of anyone or any company acting as a conduit for Senator TOWER. He was also not aware of the existence of any off-shore accounts for Senator TOWER.

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In defense of Senator TOWER, [redacted] volunteered that he has never seen the Senator drunk or in the company of any women but his first or second wives. [redacted] reiterated Senator TOWER's "utter disdain for anyone using personal contacts for personal gain."

[redacted] is not aware of any relationship between Senator TOWER and the following:

- MET ASSOCIATES
- AZTECH SERVICES, LTD.
- [redacted]

b6
b7C

[redacted] was questioned concerning statements on his 1981 financial disclosure report listing notes valued at between [redacted] from [redacted] [redacted] noted these assets were part of [redacted]

2/15/89

7

Continuation of FD-302 of [redacted]

On _____

, Page 7

[redacted] was asked about his relationship with [redacted]. [redacted] stated he had met him but there was no relationship between [redacted]. [redacted] recalled that Senator TOWER and [redacted] knew each other and that Senator TOWER recommended [redacted] for the position of [redacted]. He could not provide any additional information regarding their relationship. [redacted] was not aware of any efforts by [redacted] to obtain campaign contributions on Senator TOWER's behalf.

BACKGROUND DATA:

Full Name: [redacted]

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b7C

Date of Birth: [redacted]

Place of Birth: Midland, Texas

Social Security Number: [redacted]

Home Address: [redacted]
[redacted]
Houston, Texas

Telephone: [redacted]

Employment:

September 9, 1988 to present: Self-employed. [redacted]

October 7, 1983 - September 9, 1988:
Associate- [redacted]

June, 1981 - October 7, 1983: [redacted]

June, 1979 - June, 1981: [redacted]

January, 1976 - June, 1979: [redacted]

Detroit, Michigan

May, 1975 - January, 1976: [redacted]

Dallas,
Texas

1974 - May, 1975: [redacted]

1971 - 1974: Employed at [redacted]

Education:

[redacted]

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Tower's Lucrative Oil Investment in 1981 Raises Questions on Role in U.S. Judge's Nomination

By DAVID ROGERS

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—As a Texas senator, John Tower profited from a lucrative oil investment arranged in 1981 with the help of a Corpus Christi lawyer whose son Mr. Tower had named for nomination to the federal bench only weeks before.

Financial disclosure forms filed by Mr. Tower indicate he put up no capital of his own and financed his entire investment with a five-year \$108,000 promissory note from a now-defunct San Antonio bank. The money served to purchase machinery, which was then leased to a Corpus Christi drilling firm under terms that allowed the senator to pay off the note while profiting from the rental payments and resale of the equipment in 1986.

Though a precise total isn't available of Mr. Tower's earnings, the resale price was approximately \$25,000 and Mr. Tower himself estimated in 1986 that he was netting \$600 a month, or \$7,200 annually, after making payments on the loan.

The late Hayden Head Sr., then a prominent conservative lawyer in Corpus Christi, was instrumental in arranging the transaction, according to people familiar with the former senator's finances. The transaction closely coincided with the appointment of the lawyer's son, Hayden Head Jr., to the federal bench, with Mr. Tower playing an active role on his behalf before and after the execution of the note in May 1981.

Denies 'Quid Pro Quo'

A spokesman for Mr. Tower "absolutely" denied there had been any "quid pro quo" between the oil investment and judicial nomination. But the sequence of events raises more questions of the type that has troubled the Senate Armed Services Committee in reviewing Mr. Tower's nomination to be defense secretary.



John Tower

In recent years, the former senator has earned an estimated \$750,000 as a consultant to major Pentagon contractors, and committee members have expressed concern about both the sums involved and his ability to make decisions that will affect his former clients.

Amid the continued controversy around Mr. Tower, the oil transaction has gone almost unnoticed. White House counsel C. Boyden Gray said yesterday that he was unfamiliar with the matter or whether the Federal Bureau of Investigation had questioned any of those involved.

The latest FBI report on its checks into Mr. Tower was forwarded to the Senate committee late yesterday, and the administration hopes to use this vehicle to pressure for a vote on the nomination before the end of the week.

Meeting With Gray

Senate Armed Services Committee Chairman Sam Nunn (D., Ga.) said yesterday that he hopes to have a vote this week. Mr. Gray came to Capitol Hill last night to meet with Mr. Nunn and the committee's ranking Republican, Sen. John Warner of Virginia, regarding the latest FBI report.

President Bush met earlier in the day with Mr. Gray on the 140-page FBI report, according to White House spokesman Marvin Fitzwater, who said: "The report shows no reason why Sen. Tower should not be confirmed, in our judgment." He added, "The president urges that Sen. Tower be confirmed as soon as possible."

At the time of his nomination in 1981, the younger Mr. Head, then 36 years old, had the support of distinguished members of the Texas bar. But none was more important politically than Mr. Tower. As the state's senior Republican, Mr. Tower had virtual control over federal judgeships in Texas. In the first years of the Reagan administration, says one Democrat familiar with the Senate and Texas politics, "Anyone who was named to the bench—he was named by Tower."

Mr. Tower recommended the nomination in March 1981 to President Reagan, who forwarded Mr. Head's name to Congress in September. Mr. Tower later appeared on Mr. Head's behalf before the Senate Judiciary Committee but never mentioned any relationship with the nominee's father, according to committee records of the October 1981 hearing. Sen. Charles Grassley (R., Iowa), a committee member, cited the young nominee's "relative lack of trial experience," but the younger Mr. Head was confirmed two weeks later by the full Senate on Oct. 21.

'Deeply Respected'

As a federal district court judge in Corpus Christi, he continues to serve on the bench and denied any knowledge of what his father's role was in the transaction. "That may mean something on the face of it to you," he said. "It doesn't mean anything to me. The whole state of Texas deeply respected my father, and I've done a damn fine job as a judge."

Though his exact role is unclear, the elder Mr. Head—who was killed in a plane crash in July 1987—was well-situated to assist the senator. He and Mr. Tower were mutual friends of James Storm, whose firm, Marine Drilling, leased the equipment. The lawyer also was close personally to a senior director at Mercantile Bank in San Antonio, which wrote the loan.

"Hayden Head was the one who brought the deal to him," said a Tower associate last week. Yesterday, the same associate, who is helping the senator in his confirmation fight, said he may have overstated Mr. Head's role. But a second person familiar with Mr. Tower's finances identified Mr. Head as the person who "set up" the deal, and notations in Mr. Tower's papers allude to Mr. Head in connection with the investment.

“^{ing} Mr. Tower’s financial dis-
forms, the machinery, known as a
“out preventer,” was purchased May
81, and financed by a \$108,000 note
in the Mercantile Bank. The terms ap-
pear unusually favorable, with interest set
at only one point above the federal dis-
count rate during the life of the loan. Secu-
rity was provided by the lease arrange-
ment. In the heyday of oil exploration, sim-
ply acquiring the equipment was some-
thing of a coup, according to people famil-
iar with the industry.

‘There’s No End’

Mr. Storm, who confirmed that Marine
Drilling had a “deal” with Mr. Tower, de-
clined to release the terms of the lease.
“We’re digging into something where
there’s no end,” he said. A prominent fig-
ure in Corpus Christi, he was friendly him-
self with the senator and said he couldn’t
recall what role Mr. Head might have had
in the transaction.

“I was very glad to get it,” the driller
said of the equipment, which is a system of
valves that serves to protect against blow-
outs when a rig hits a pocket of high pres-
sure—in this case offshore. “I hope he
made some money on it.”

Apart from charges of conflict-of-interest,
Mr. Tower remains dogged by allega-
tions regarding his drinking and relations
with women. Senior staff members of the
Armed Services panel met yesterday with
Berne Indahl, a State Department security
officer who investigated allegations of se-
curity breaches in a U.S. arms control del-
egation of which Mr. Tower was a member
after leaving the Senate.

Mr. Indahl is likely to testify in execu-
tive session before the House Energy and
Commerce Committee tomorrow on a re-
lated matter, and his presence in the Cap-
itol has fanned allegations of Mr. Tower
having personal relations with women staff
at the arms talks in Geneva.

Number of Charges

As early as last week, law enforcement
officials said the FBI report would clear
Mr. Tower of allegations regarding illegal
campaign contributions and free transpor-
tation provided by an arms contractor. But the
committee remains troubled by the
sheer number of charges—less easily re-
futed—that require senators to make per-
sonal and often subjective judgments about
Mr. Tower’s behavior.

There is concern about his drinking,
particularly about a period in the 1970s.
Much of the FBI reports received to date
by the panel have been more a compilation
of statements by individuals and make no
firm conclusions. “We’re up to our hip
boots,” said Mr. Warner, who remained
closeted with Mr. Nunn even after Mr.
Gray had returned to the White House.

The long confirmation process has ag-
gravated both sides, and Mr. Nunn has re-
sented suggestions that he is pursuing his
own agenda of weakening the secretary or
holding up other Pentagon business.

“There’s no 50-car pileup,” said one
Democratic staff member of Armed Serv-
ices, denying a report that other nomina-
tions for civilian defense posts have been
put on hold by the committee. “We don’t
act on nominations until we receive them,